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ROBINSON, MCFADDEN & MOORE, P.C.

COLUMBIA | GREENVILLE

May 20, 2005

**HAND DELIVERED**

Mr. Charles Terreni  
Chief Clerk of the Commission  
Public Service Commission of South Carolina  
Synergy Business Park, Saluda Building  
101 Executive Center Drive  
Columbia, SC 29210

**Re: Convergia, Inc.  
Case No. 2004-328-C  
Our File No. 03493-0001**

Dear Mr. Terreni:

Enclosed for filing please find the Testimony of Petar Blagojevic on behalf of Convergia, Inc. The company does not intend to use telemarketing in South Carolina; therefore, no sample scripts are included. The Office of Regulatory Staff requested that Convergia provide them with updated financial statements. The unaudited financial statements for 2004 are attached as Exhibit 1 of the testimony. Please date-stamp the extra copies of the testimony as proof of filing and return them with our courier. By copy of this letter we are serving the same on the Office of Regulatory Staff.

If you have any questions, please have someone on your staff contact me.

Very truly yours,

ROBINSON, MCFADDEN & MOORE, P.C.

Bonnie D. Shealy

/bds

Enclosure

cc/enc: Elizabeth Manzoni , Esquire (via email & U.S. Mail)  
Mr. Petar Blagojevic (U.S. Mail)  
Dan F. Arnett, Chief of Staff of ORS (via U.S. Mail)  
Mr. Eddie Akragron, ORS (via email)  
Ms. Daphne Werts (via email)

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BEFORE THE PUBLIC SERVICE COMMISSION  
OF SOUTH CAROLINA

In the Matter of the Application of )  
Convergia, Inc. for a Certificate )  
of Public Convenience and Necessity )  
to Provide Intrastate Resold Telecommunications )  
and Data Services and for Alternative )  
Regulation of Its Business Service Offerings )

Docket No. 2004-328-C

**PREPARED TESTIMONY OF MR. PETAR BLAGOJEVIC  
ON BEHALF OF  
CONVERGIA, INC.**

SO. CAROLINA  
PUBLIC SERVICE COMMISSION  
2005 JUL 25 PM 9:41  
FILED

Convergia, Inc.  
237 Hymus Boulevard  
Pointe Claire, Quebec  
H9R 5C9 Canada

Telephone: 514.693.6300  
Facsimile: 514.693.6354

1 1. Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

2 A. My name is Petar Blagojevic, and my business address is 237 Hymus Boulevard,

3 Pointe Claire, Quebec H9R-5C9, Canada.

4 2. Q. BY WHOM ARE YOU EMPLOYED?

5 A. I am employed by Convergia, Inc. (“CONVERGIA” or “Company”).

6 3. Q. WHAT IS YOUR POSITION WITH CONVERGIA?

7 A. I am the Corporate Marketing Manager for Convergia.

8 4. Q. WHAT ARE YOUR JOB RESPONSIBILITIES?

9 A. I am responsible for product development, advertising, pricing, placement and

10 business development. I also support our sales channels in both Canada and the

11 United States.

12 5. Q. COULD YOU PLEASE TELL US ABOUT YOUR BACKGROUND?

13 A. I have over 3 years of practical, hands-on marketing experience with Convergia. I am

14 a graduate of McGill University in Common & Civil Law. I am a member of the

15 New York and Massachusetts Bar.

16 6. Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

17 A. The purpose of my testimony is to present evidence in support of CONVERGIA’S

18 position that it has the ability to provide competitive resold interexchange

19 telecommunications services in the State of South Carolina, and to demonstrate why

20 the granting of a Certificate of Public Convenience and Necessity to CONVERGIA

21 is in the public interest.

22 7. Q. IS CONVERGIA AFFILIATED WITH ANY OTHER COMPANY?

23 A. Convergia, Inc. is a wholly owned subsidiary of:

24

Telsocomm Investments, Inc.  
P.O. Box 71  
Craigmuir Chambers  
Road Town, Tortola, British Virgin Islands

Convergía is affiliated with the following companies:

Convergía Argentina SA Cerrito 1130 piso 7A Capital Federal (1010) Argentina Office: 5411 48 12 6080	Convergía Colombia S.A. JR. JUNIN 411 y MALECON PISO 4 Of. 4 GUAYAQUIL ECUADOR Tel: 59 34 2276686
Convergía Telecomunicações do Brasil Ltda Alameda Madeira , 258 suites 804 / 808  Alphaville Industrial Barueri 06454-010 São Paulo Brasil Office + 5511 4195.5685	Convergía Peru SA Calle Los Libertadores 155 - Piso Dos - San Isidro - Lima Peru Telephone: 51 1 – 421 2002
Convergía Chile SA Providencia 1760, of. 2601. Santiago Telephone: 56 2 378 3566	Convergía Ecuador SA JR. JUNIN 411 y MALECON PISO 4 Of. 4 GUAYAQUIL ECUADOR Tel 59 34 2276686

Telecomunicaciones Convergía Bolivia S.A. Calle Federico Zuazo 1598 Edif. Park Inn Piso 11 P.O. Box 662 La Paz, Bolivia Tel: 591-719-05-711	Convergía de México, S.A. de C.V. San Lorenzo - 153 Pizo 6 Col. del Valle 03100 México D.F., México Tel: 011 52 55 55 59 06 71
CONVERGIA URUGUAY S.A. Plaza independencia 811 - Montevideo Uruguay Office: 5411 48 12 6080	Convergía Venezuela SA Avenida Francisco de Miranda, Torre Delta, PH-B, Urbanización Altamira, Caracas 1062, Venezuela Tel: 58 (212) 263-9933
	CONVERGIA NETWORKS INC. 237 Hymus Boulevard Pointe-Claire, Quebec. Canada. H9R 5C7 Phone: 514-693-6300

2

3 8. Q. HAS CONVERGIA REGISTERED TO DO BUSINESS IN THE STATE OF  
4 SOUTH CAROLINA?

5 A. CONVERGIA was issued a Certificate of Authorization to transact business in the  
6 State of South Carolina by the Secretary of State on May 24, 2002, and has filed a  
7 copy of the Certificate with the Public Service Commission of South Carolina as part  
8 of this proceeding.

9 9. Q. BRIEFLY, WHAT IS THE NATURE OF CONVERGIA'S OPERATIONS?

10 A. CONVERGIA was incorporated under the laws of the State of Delaware on May 15,  
11 2000. The Company is a reseller of interexchange telecommunications and data  
12 services. CONVERGIA currently is authorized to provide interexchange  
13 telecommunications services in Arkansas, California Colorado, Delaware, Florida,  
14 Georgia, Idaho, Illinois, Indiana, Iowa, Kentucky, Kansas, Maine, Maryland,

Massachusetts, Michigan, Minnesota, Missouri, Montana, Nebraska, Nevada, New Hampshire, New Jersey, New Mexico, New York, North Carolina, North Dakota, Ohio, Oregon, Pennsylvania, Rhode Island, South Dakota, Texas, Utah, Vermont, Virginia, Washington, Wisconsin and Wyoming.

10. Q. PLEASE DESCRIBE THE SERVICES CONVERGIA PROPOSES TO OFFER?

A. CONVERGIA initially proposes to offer resold switched and dedicated "One Plus" and Toll Free interexchange telecommunications services. The Company proposes to offer its service as an adjunct to its interstate services. In time, the Company may provide other value-added interexchange telecommunications and data services. The interexchange services are more fully described in the Interexchange Services Tariff, which was filed with the Commission as Exhibit E of the Company's Application for Certificate of Public Convenience and Necessity.

11. Q. WILL THE COMPANY TARGET A PARTICULAR MARKET?

A. CONVERGIA proposes to offer intrastate interexchange and data services to residential and commercial customers throughout the state of South Carolina.

12. Q. FROM WHOM DOES CONVERGIA OBTAIN ITS INTRASTATE LONG DISTANCE SERVICES?

A. CONVERGIA expects to purchase switching, transport and access services from several South Carolina certificated carriers based on competitive service pricing considerations.

13. Q. DOES CONVERGIA OWN ANY SWITCHING OR TRANSPORT FACILITIES IN SOUTH CAROLINA?

A. No. CONVERGIA owns no switching equipment or transport facilities in South Carolina. CONVERGIA will be relying on the technical network capabilities of its

underlying carrier(s) for all network and transport facilities in the provision of access and egress if intrastate long distance calls.

14. Q. PLEASE DESCRIBE THE COMPANY'S TROUBLE REPORTING PROCEDURES.

A. All service-related problems, including trouble reporting, may be directed to Convergia's customer service department via the Company's toll-free number, 800.293.7778. Immediately upon report of service trouble, Convergia will contact the designated service representative of the underlying carrier providing the network service at issue to report the trouble and ascertain the estimated time of repair. The underlying carrier will take corrective procedures and will report the resolution of the trouble to Convergia. The Company will then contact the customer to verify that the service has been restored.

Convergia service representatives are available from 8 a.m. to 8:00 p.m. Eastern Time. Messages may be left for customer service staff from 8:01 p.m. to 7:59 a.m. Eastern Time. Messages received after normal business hours will be answered on the next business day. In the event of an emergency, customer service staff may be paged.

15. Q. HOW WILL THE COMPANY BILL ITS CUSTOMERS?

A. Convergia will bill customers directly, via first class mail or electronic posting to a secure Internet site.

16. Q. HOW FREQUENTLY WILL BILLS BE RENDERED TO CUSTOMERS?

A. Bills will be rendered on a monthly basis.

17. Q. HOW ARE BILLING DISPUTES RESOLVED?

A. Convergia's customer service department is available to resolve any disputes.

1 Customers may reach the Company's customer service staff via its toll-free telephone  
2 number, 800.293.7778, via facsimile at 514.693.6354, or by letter and the address  
3 listed on the bill. Customers may escalate the dispute to the responsible Company  
4 manager, if necessary, and may, of course, seek Commission intervention if  
5 necessary.

6 18. Q. HOW ARE RATE AND SERVICE INFORMATION REQUESTS PROCESSED?

7 A. CONVERGIA's customer service representatives are prepared to respond to all rate  
8 and service information requests.

9 19. Q. HOW ARE OPERATOR-ASSISTED AND DIRECTORY ASSISTANCE CALLS  
10 PROCESSED?

11 A. CONVERGIA provides directory assistance through its underlying carrier as an  
12 ancillary service exclusively to its customers. Directory Assistance is accessible by  
13 dialing "1", the area code of the desired number and "555-1212." CONVERGIA  
14 does not provide alternative operator services.

15 20. Q. PLEASE DESCRIBE CONVERGIA'S PROPOSED SOUTH CAROLINA  
16 TARIFFS.

17 A. CONVERGIA's proposed interexchange tariff establishes the rates, terms and  
18 conditions of the Company's service offerings. The Company believes that its  
19 services are competitive with similarly-situated service providers.

20 21. Q. DESCRIBE CONVERGIA'S ORGANIZATION?

21 A. As the Corporate Marketing Manager, I direct the company's marketing operations. I  
22 am assisted by a professional, technical and operations staff who possess marketing,  
23 provisioning and operations responsibilities.

1 22. Q. HOW DOES CONVERGIA MARKET AND SELL ITS SERVICES?

2 A. Convergia plans to market its services through both inside sales staff and independent  
3 agents, using a variety of channels, including direct marketing, advertising, and the  
4 Internet. Applicant will not engage in multi-level marketing. Convergia does not  
5 intend to use telemarketing to sell its products in South Carolina. If the company's  
6 marketing strategy changes, we will submit a proposed telemarketing script to the  
7 Commission for review prior to marketing.

8 23. Q. DESCRIBE CONVERGIA 's INDUSTRY EXPERIENCE?

9 A. Convergia was established in 2000. The Company is concurrently authorized to  
10 provide service in 38 states and is seeking authority to provide resold interexchange  
11 telecommunications and data services in all states except Alaska. My staff and I  
12 possess long term telecommunications industry experience which will well serve the  
13 needs of CONVERGIA and its strategic plan.

14 24. Q. DESCRIBE CONVERGIA'S FINANCIAL ABILITY TO SERVE AS A RESALE  
15 PROVIDER OF TELECOMMUNICATIONS SERVICES IN SOUTH  
16 CAROLINA?

17 A. The Office of Regulatory Staff requested that we submit updated financial statements  
18 which are attached as Exhibit 1. The Company has the ability support its operations  
19 and serve the public in the State of South Carolina. As a reseller of  
20 telecommunications services, Convergia's liabilities to its underlying carriers are  
21 incurred upon the rendering of service. Accordingly, the Company will require no  
22 additional capitalization nor resource expenditure to expand its operations in South  
23 Carolina.

24

1 25. Q. WHERE IS CONVERGIA CURRENTLY AUTHORIZED TO PROVIDE  
2 SERVICE?

3 A. CONVERGIA currently is authorized to provide interexchange telecommunications  
4 services in Arkansas, California Colorado, Delaware, Florida, Georgia, Idaho,  
5 Illinois, Indiana, Iowa, Kentucky, Kansas, Maine, Maryland, Massachusetts,  
6 Michigan, Minnesota, Missouri, Montana, Nebraska, Nevada, New Hampshire, New  
7 Jersey, New Mexico, New York, North Carolina, North Dakota, Ohio, Oregon,  
8 Pennsylvania, Rhode Island, South Dakota, Texas, Utah, Vermont, Virginia,  
9 Washington, Wisconsin and Wyoming.

10 26. Q. HOW WILL GRANTING CONVERGIA'S CERTIFICATE AFFECT THE  
11 AVAILABILITY OF AFFORDABLE LOCAL SERVICE?

12 By granting CONVERGIA 's certificate, the Commission will be fostering greater  
13 competition in the interexchange telecommunications services market. With  
14 additional competition, existing providers will strive to offer services at the lowest  
15 rates and offer the most innovative features possible to attract new customers and  
16 retain existing customer bases.

17 27. Q. HOW WILL SOUTH CAROLINA CONSUMERS BENEFIT FROM  
18 CONVERGIA's SERVICES?

19 A. CONVERGIA 's proposed services will allow customers to obtain very competitive  
20 services and rates. Additionally, an increase in the traffic generated through the  
21 provision of the Company's proposed intrastate services over existing facilities will  
22 help improve the efficiency of those facilities and reduce the underlying carriers'  
23 costs in provisioning such services. Lastly, access revenues will increase for local  
24 exchange carriers, and the State of South Carolina will realize an increase in tax

1 revenue.

2 28. Q. HAS CONVERGIA REQUESTED ALTERNATIVE REGULATION OF ITS  
3 LONG DISTANCE BUSINESS SERVICE, CONSUMER CARD AND  
4 OPERATOR SERVICE OFFERINGS?

5 A. Yes. CONVERGIA requests that the Commission regulate these services in  
6 accordance with the principles and procedures established for alternative regulation  
7 in Order Nos. 95-1734 and 96-55 in Docket No. 95-661-C which was approved for  
8 AT&T and other similarly situated companies. It is our understanding that maximum  
9 rates would be eliminated for these services. In addition, tariff filings are presumed  
10 valid upon filing, subject to the Commission's right within seven days to begin an  
11 investigation.

12 We understand that the alternative regulation orders were modified by Order No.  
13 2001-997 in Docket No. 2000-407-C so that rate caps for operator-assisted calls  
14 where a consumer uses a local exchange carrier's calling card to complete calls from  
15 locations which have not selected that local exchange carrier as their toll provider  
16 were reestablished. The order imposed a maximum cap of \$1.75 for operator  
17 surcharges for such calls, and a maximum cap of \$0.35 related to the flat per-minute  
18 rate associated with these calls.

19 29. Q. WILL THE COMPANY SUPPORT UNIVERSAL SERVICE AS REQUIRED?

20 A. Yes, the Company will support Universal Service.

21 30. Q. HAS THE COMPANY REQUESTED ANY WAIVERS OF THE COMMISSION'S  
22 REGULATIONS?

23 A. Yes, we have specifically requested a waiver of the requirement of 26 S.C. Reg. 103-  
24 610 that a carrier keep all records required by the Commission's rules and regulations

1 within the State of South Carolina. Since the company's corporate offices are in  
2 Pointe Claire, Quebec, Canada, maintaining its books and records in South Carolina  
3 would be unduly burdensome. We will have a registered agent in South Carolina and  
4 will bear any costs associated with the Commission's inspection of its books and  
5 records.

6  
7 CONVERGIA seeks an exemption for any policy that might require a carrier to  
8 maintain its financial records in conformance with USOA. As a competitive carrier,  
9 CONVERGIA maintains its books in accordance with GAAP; and therefore, does not  
10 possess the detailed cost data required by USOA.

11 33. Q. DOES THAT CONCLUDE YOUR TESTIMONY?

12 A. Yes, it does.

**Convergia Group**  
**Balance Sheet: Convergia Inc. Statutory**  
**Currency USD**  
**Current Period: December 2004**

	2004 Actuals
<b>Assets:</b>	
Current Assets:	
Cash	767,411
Accounts Receivable	683,862
Other Receivables	6,617
<b>Current Assets</b>	<b>1,457,890</b>
Property and Equipment:	
Communications Equipment	2,488,492
Computer Equipment	281,845
Office Equipment	1,940
<b>Property and Equipment - Gross</b>	<b>2,772,277</b>
Less: Accumulated Depreciation	(1,007,518)
<b>Property and Equipment - Net</b>	<b>1,764,759</b>
Loans Receivable	(4,388,751)
Other Assets	1,250
<b>Total Assets</b>	<b>(1,164,852)</b>

**Convergia Group**  
**Balance Sheet: Convergia Inc. Statutory**  
**Currency USD**  
**Current Period: December 2004**

	2004 Actuals
<b>Liabilities and Equity:</b>	
Current Liabilities:	
Accounts Payable and Accruals	1,421,813
Other Liabilities	17,215
<b>Current Liabilities</b>	<b>1,439,027</b>
Deferred Tax Liability	(143,576)
<b>Total Liabilities</b>	<b>1,295,451</b>
<b>Shareholder's Equity</b>	
Stock	<sup>1</sup>
Retained Earnings	(2,460,304)
<b>Total Shareholders Equity</b>	<b>(2,460,303)</b>
<b>Total Liabilities and Equity</b>	<b>(1,164,852)</b>

Convergia Group  
Convergia Inc. Statutory  
Income Statement - Currency USD  
Current Period: December 2004 Category To Date

	2004 Actuals
Total Trade Sales	10,579,857
Total Sales	10,579,857
Cost of Sales:	
Purchases	9,680,009
Cost of Sales	9,680,009
Gross Profit	899,848
Expenses:	
Selling, General and Admin	3,103,413
Total Financial Expenses	21,414
Expenses	3,124,827
Income/(loss) Before Dividend and F/E	(2,224,979)
Income/(loss) before taxes	(2,224,979)
Net Income/(Loss) - Entity	(2,224,979)
Net Income/(Loss)	(2,224,979)